

Exhibit E

A D E F E N D A N T A	United States District Court Northern District of California
	Case No. 4:20-cv-05640-YGR
	Case Title <i>Epic Games, Inc. v. Apple, Inc.</i>
	Exhibit No. DX-3955
	Date Entered _____
	Susan Y. Soong, Clerk
	By: _____, Deputy Clerk



Epic Games Store

Presentation to the Board of Directors

August 13, 2019

Long Term Goals

1. **Build a \$1+ billion PC store business**
2. **Expand and disrupt on Android and iOS**
3. **Provide the leading in-game, cross-platform social features for all stores**
4. **Attract and retain players in the Epic ecosystem between Epic and Partner games**



Epic Games Store Strategy

Fuel growth through disruptive economics, exclusives and free games

1. Provide developers with better economics - 88/12 revenue share vs 70/30 industry standard
2. Offer players better, curated experiences with high-quality games (Top 100)
3. Provide exclusive titles and free games to grow player base, drive engagement, and gain market share
4. Partner with content creators and influencers via innovative programs such as Support-a-Creator

Gaming + Unreal Engine + Epic Game Store accelerates Epic's strategy to build an integrated platform



Reshaping the Top 100 PC Game Sales

PLATINUM

(\$ in mm)

- **10%** of titles, **35%** of revenue
(excludes Valve titles)
- Avg Rev / Title: **\$59** | Range / Title: **\$35-\$110**

GOLD

- **12%** of titles, **15%** of revenue
- Avg Rev / Title: **\$27** | Range / Title: **\$21-\$35**

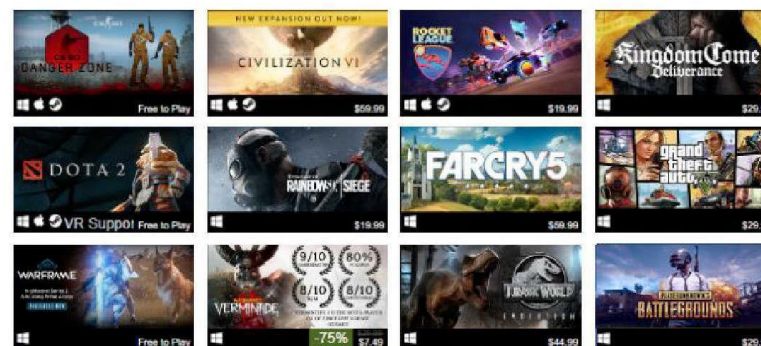
SILVER

- **16%** of titles, **12%** of revenue
(excludes Valve title TF2)
- Avg Rev / Title: **\$19** | Range / Title: **\$17-\$21**

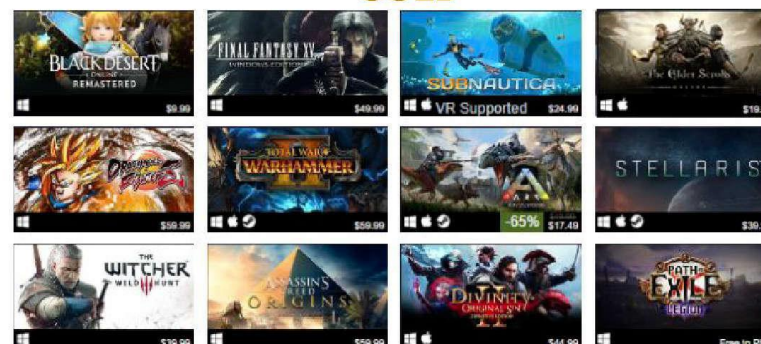
BRONZE

- **62%** of titles, **38%** of revenue
- Avg Rev / Title: **\$11** | Range / Title: **\$3-\$17**

PLATINUM



GOLD

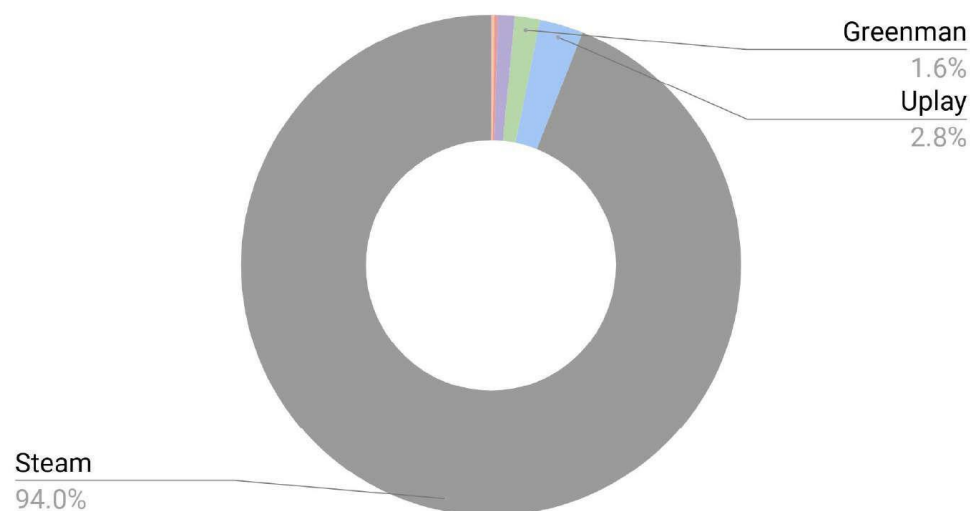


Of the 35,000+ titles on Steam, the Top 100 capture 50% of total revenue

Epic Has Taken Meaningful Share of Addressable Market

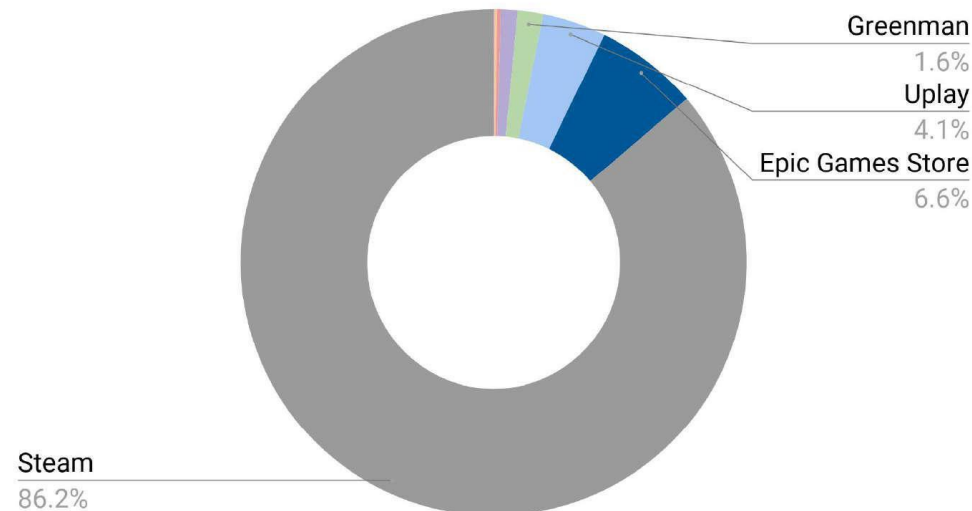
2018

Total: \$3.2 billion



2019E

Total: \$3.2 billion



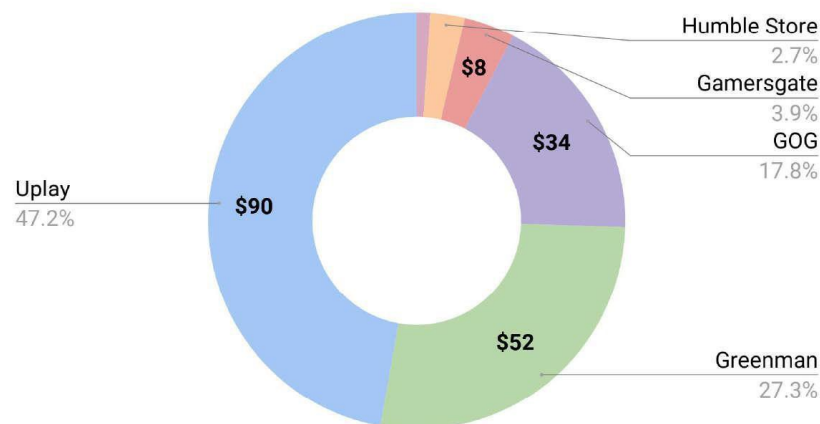
Epic Game Store expects to achieve ~7% market share in first full year



A Closer Look at the Market Excluding Steam

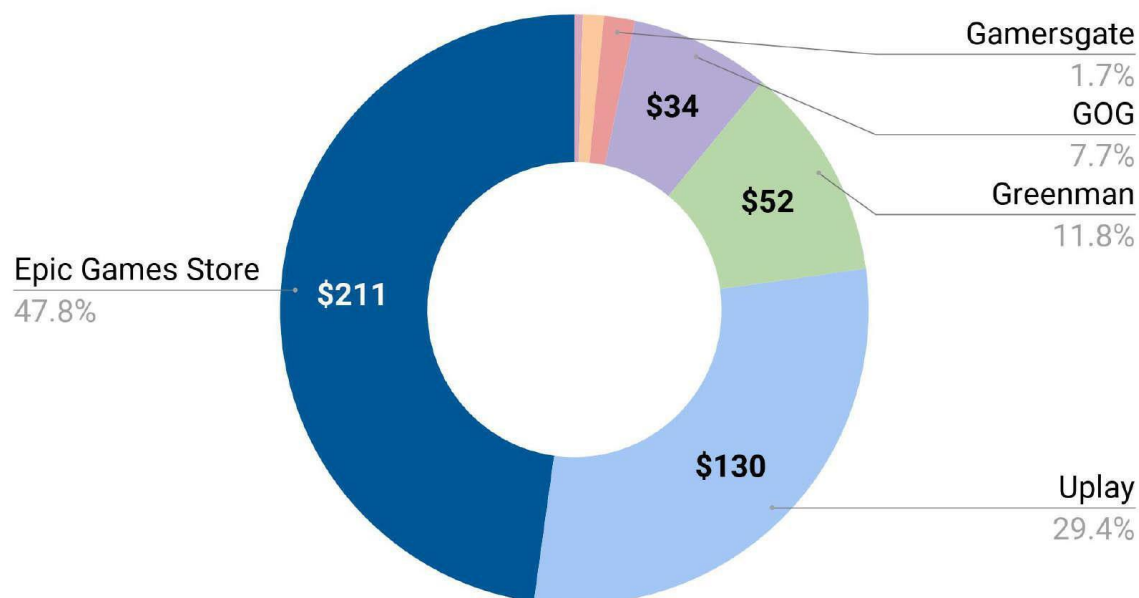
2018

Total excluding Steam: \$190 million



2019E

Total excluding Steam: \$441 million



Excluding Steam, Epic Games Store is expected to earn nearly as much revenue as all others combined in 2019



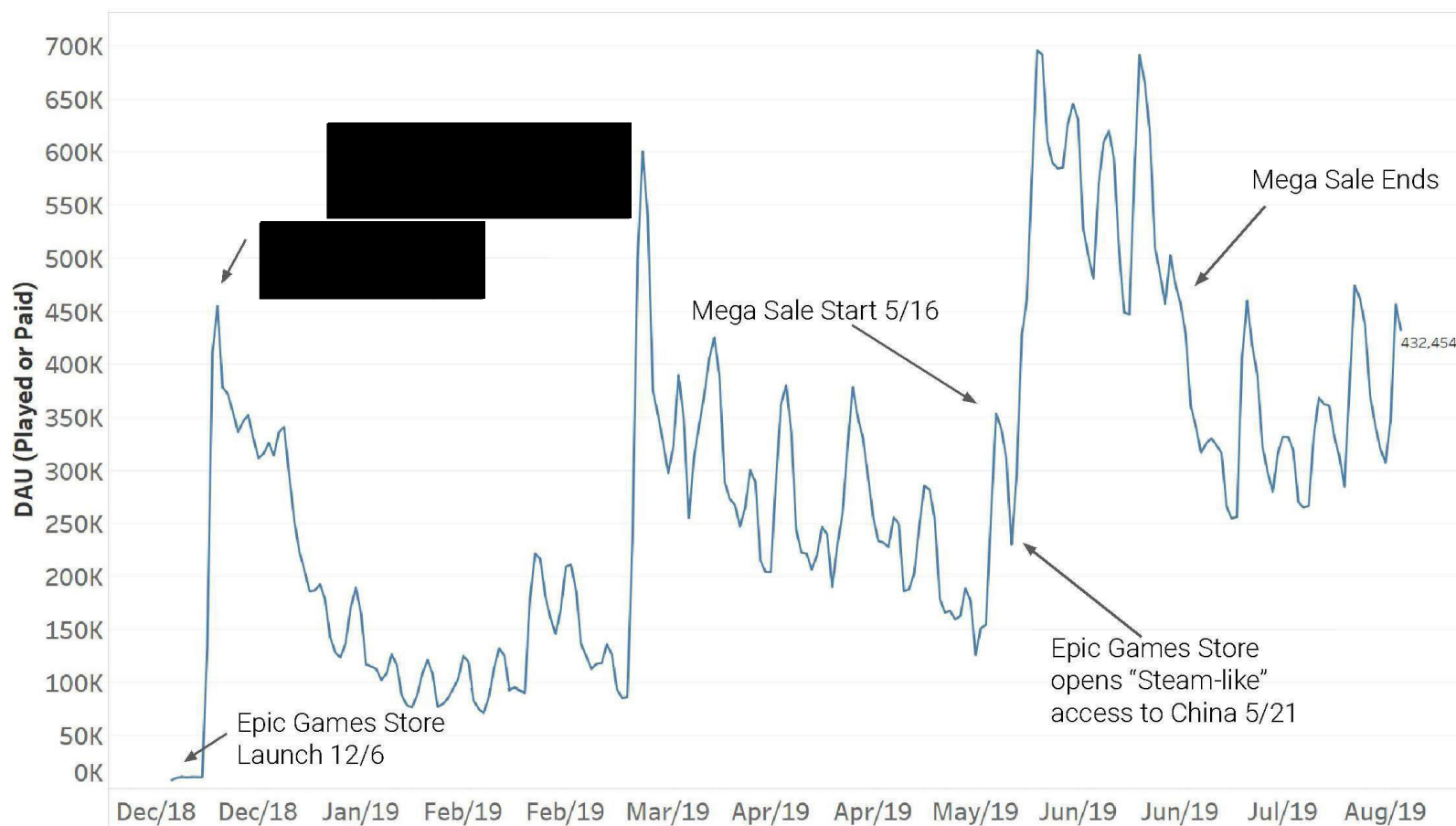
Free Games as a User Acquisition Tool

	Buyout Price	[Lifetime Downloads]	[Lifetime Players]	Avg Time Played	New Epic Accounts (first time to EGS)	EPIC UA Cost	TOTAL DOWNLOADS New to Epic %
	\$1,400,000	4,633,807	1,905,329	567	822,162	\$1.70	17.7%
	\$50,000	1,759,381	350,459	76	98,654	\$0.51	5.6%
	\$125,000	1,684,848	224,380	93	143,470	\$0.87	8.5%
	\$60,000	1,416,869	140,176	81	95,607	\$0.63	6.7%
	\$80,000	1,297,275	195,249	117	53,741	\$1.49	4.1%
	\$85,000	1,973,746	305,614	144	74,379	\$1.14	3.8%
	\$500,000	3,415,729	1,689,273	430	229,426	\$2.18	6.7%
	\$200,000	2,340,592	356,229	134	126,202	\$1.58	5.4%
	\$400,000	2,766,843	700,038	170	152,459	\$2.62	5.5%
	\$200,000	2,504,649	427,167	99	115,001	\$1.74	4.6%
	\$50,000	2,438,285	503,977	67	167,111	\$0.30	6.9%
	\$300,000	2,261,317	252,870	85	88,111	\$3.40	3.9%
	\$45,000	2,434,202	382,400	108	98,703	\$0.46	4.1%
	\$200,000	2,105,593	270,213	62	33,852	\$5.91	1.6%
	\$100,000	2,168,083	436,333	234	47,366	\$2.11	2.2%
	\$700,000	2,722,021	895,306	272	116,724	\$6.00	4.3%
	\$125,000	2,126,043	273,437	180	43,028	\$2.91	2.0%
	\$75,000	2,001,823	173,516	75	51,745	\$1.45	2.6%
	\$225,000	3,010,990	766,880	69	209,435	\$1.07	7.0%
	\$150,000	2,144,435	244,374	144	56,490	\$2.66	2.6%
	\$350,000	2,672,451	409,956	121	117,493	\$2.98	4.4%
	\$150,000	2,867,467	224,289	87	65,066	\$2.31	2.3%
	\$63,000	3,048,318	287,983	253	120,843	\$0.52	4.0%
	\$450,000	2,765,853	432,362	252	69,447	\$6.48	2.5%
	\$250,000	2,776,604	355,922	169	141,999	\$1.76	5.1%
	\$6,333,000	61,337,224	12,203,732	170	3,338,514	\$1.90	

61.3mm downloads | 3.3+mm new Epic Accounts | 5.3% of Total DLs new Epic Games Store | \$1.90 / new Epic accounts

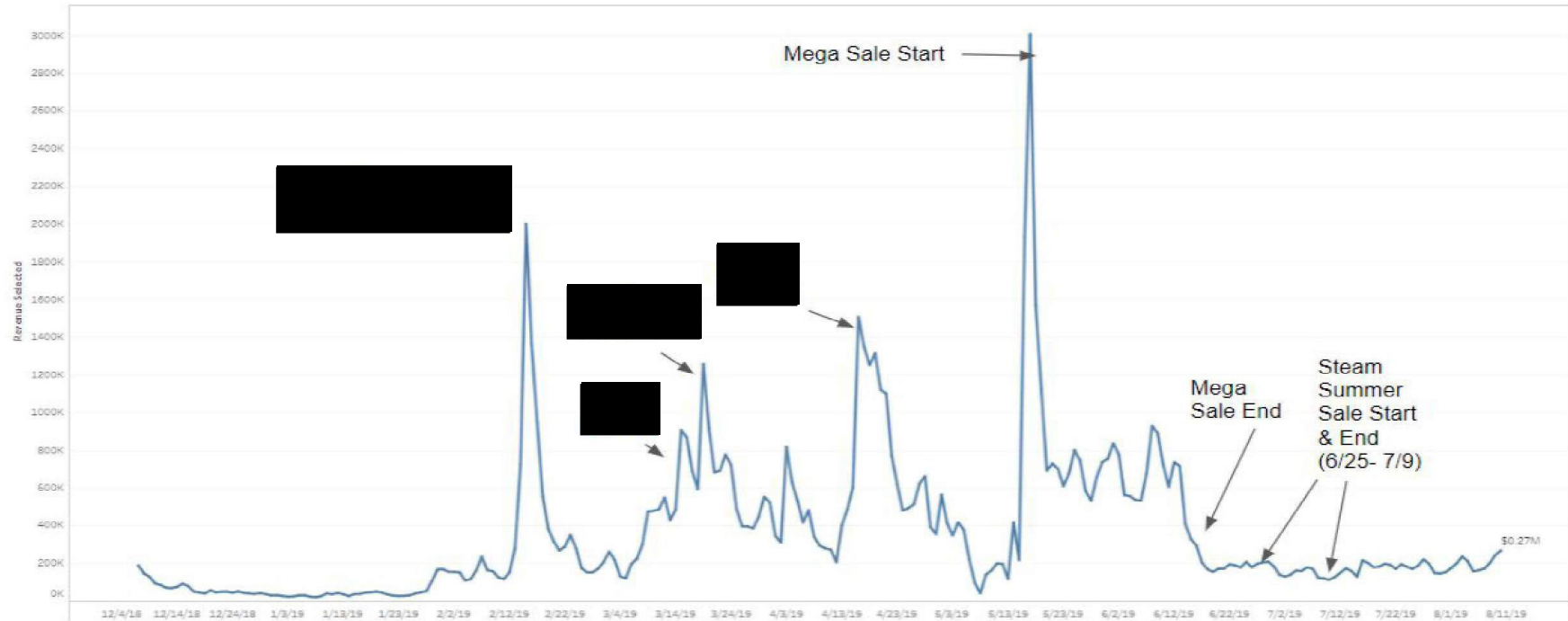


Epic Game Store Daily Active Users, Life-to-Date (“LTD”)



Epic Games Store Daily Gross Revenue, LTD

(No significant launches in July 2019)

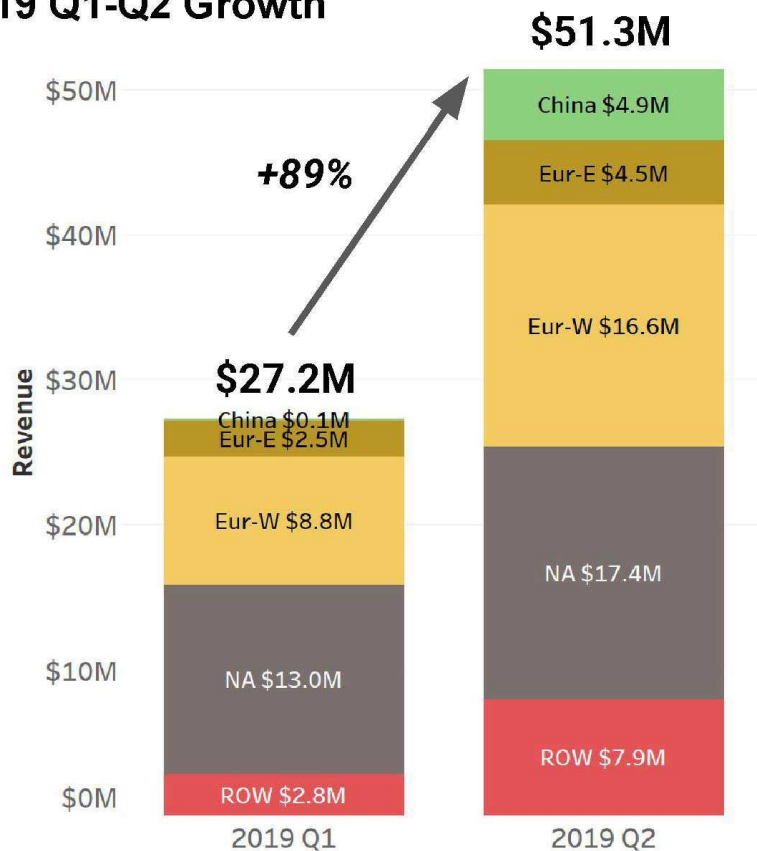


Major title releases and Epic Mega Sale are key revenue drivers to date



Growing Revenue Across Major Markets

2019 Q1-Q2 Growth

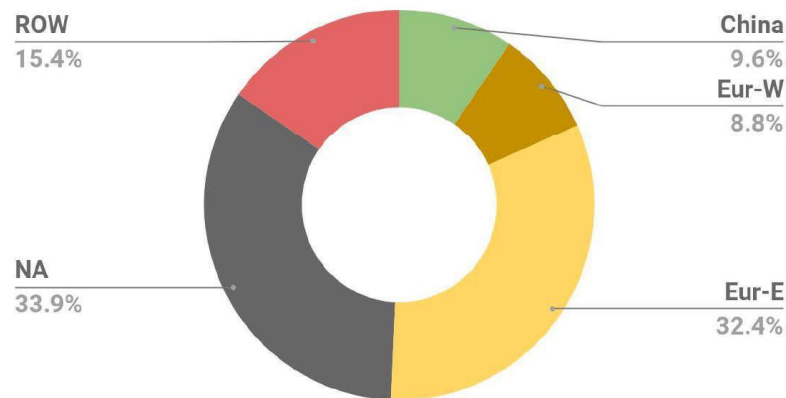


Growth Commentary

- Growth maps to exclusive launches and Epic Mega Sale
- China region opened in Q2 but not maximized
 - Room for growth; China makes up 30% of Steam users and 15% of Steam revenue

Revenue Share by Region (2019 Q2)

2019 Q2



Wave 1 Investment - Launching a Marketplace

Current Cumulative Minimum Guarantee (“MG”) Commitment of \$1.0 billion for ~90 titles

- MGs for individual titles are based on Year 1 revenue estimates on Steam based on comp analysis leveraging data from SteamSpy and other service providers

“Wave 1” MG Commitments of \$217 million for first 23 key titles

- Wave 1 titles are releases from Dec 2018- June 2019
- Typical deal structure: 12-month recoups, premium to comps
- Current Wave 1 running MG recoup: 26%
- Projected recoup for Wave 1 games: 35-45%
- Renegotiation of select underperforming Wave 1 titles (e.g. [REDACTED])

Progress

- Launched store in Dec 2018
- Building user base
- Achieving significant and growing market share
- Engaging in best content
- #2 in market share

Projected Wave 1 Investment of \$120-140 million in unrecouped MGs



Epic Games Store 2019 Wave 1:

Minimum Guarantee by Category

(\$ in millions)

PLATINUM (1)

4% of titles released

 \$37

GOLD (2)

9% of MG titles released

 \$35
35

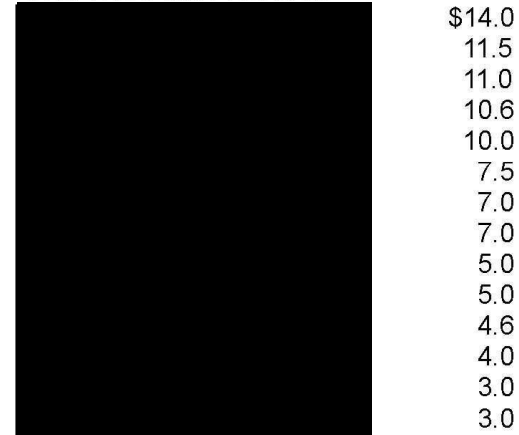
Sub-total **\$70**

SILVER (0)

0% of MG titles released

BRONZE (14)

61% of MG titles released



\$14.0
11.5
11.0
10.6
10.0
7.5
7.0
7.0
5.0
5.0
4.6
4.0
3.0
3.0

Sub-total **\$103**

6 NON-TOP 100 TITLES

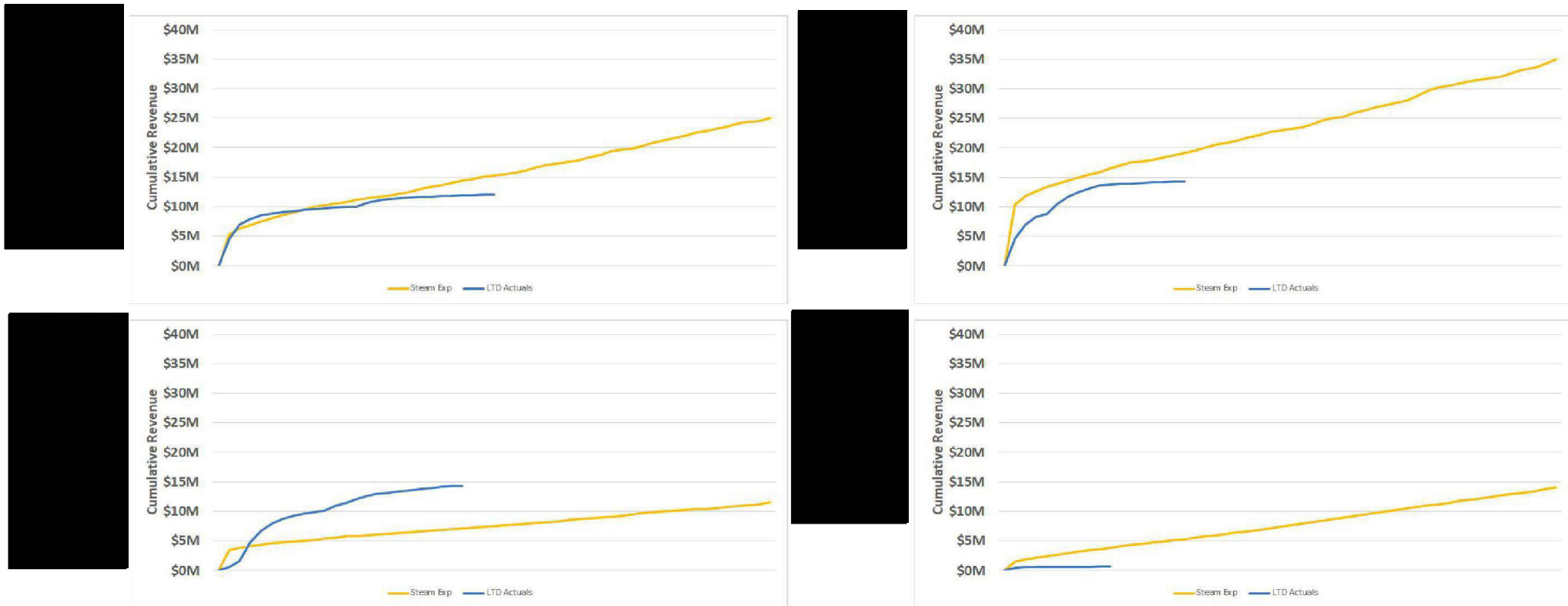
26% of MG titles released, totalling \$7 in MGs,
primarily UE4 engine / grants partners

Total **\$217**

Wave 1 Titles heavily skewed towards Bronze Titles



Revenue Curve on Steam vs Select Epic Wave 1 Titles



Important key launches have been strong with the exception of Indies, but post-launch support needed for titles to earn out

Wave 1 Title Performance

(\$ in millions)

Studio	Title	Launch Date	MG	Recoup Period	Actual LTD Recoup \$	Actual LTD Recoup %	Expected Lifetime Recoup \$	Expected Lifetime Recoup %	Expected MG Shortfall \$
		2/15/19	\$37.0	12	\$11.6	31%	\$14.8	40%	-\$22.2
		4/16/19	\$35.0	12	\$12.1	35%	\$21.0	60%	-\$14.0
		3/15/19	\$35.0	24	\$7.2	21%	\$10.5	30%	-\$24.5
		6/15/19	\$14.0	12	\$0.3	2%	\$0.8	6%	-\$13.2
		3/19/19	\$11.5	12	\$11.6	114%	\$12.1	185%	\$0.6
		12/6/18	\$11.0	12	\$1.7	15%	\$1.9	17%	-\$9.1
		4/16/19	\$10.6	24	\$3.1	29%	\$7.4	70%	-\$3.2
		12/6/18	\$10.0	12	\$1.1	11%	\$1.2	12%	-\$8.8
		2/19/19	\$7.5	Lifetime	\$0.5	6%	\$1.6	21%	-\$5.9
		5/30/19	\$7.0	12	\$0.6	9%	\$2.0	29%	-\$5.0
		6/27/19	\$7.0	12	\$0.7	10%	\$2.1	30%	-\$4.9
		5/21/19	\$5.0	Lifetime	\$3.3	66%	\$5.6	286%	\$0.6
		6/24/19	\$5.0	Lifetime	\$0.4	7%	\$1.3	25%	-\$3.8
		1/29/19	\$4.6	6	\$0.3	7%	\$0.3	7%	-\$4.3
		5/7/19	\$4.0	12	\$0.0	1%	\$0.1	2%	-\$3.9
		1/15/19	\$3.0	12	\$0.3	9%	\$0.3	11%	-\$2.7
		12/6/18	\$3.0	12	\$0.1	3%	\$0.1	4%	-\$2.9
		5/21/19	\$2.5	Lifetime	\$0.4	15%	\$2.3	90%	-\$0.3
		5/2/19	\$2.0	12	\$0.1	7%	\$0.2	10%	-\$1.8
		3/29/19	\$1.0	12	\$0.1	14%	\$0.2	22%	-\$0.8
		4/9/19	\$1.0	12	\$0.1	7%	\$0.2	19%	-\$0.8
		6/20/19	\$0.3	12	\$0.0	2%	\$0.0	10%	-\$0.3
		3/19/19	\$0.2	Lifetime	\$0.1	49%	\$0.2	181%	\$0.0
Wave 1 Total			\$217		\$56	26%	\$86	~ 40%	-\$131

Projected Wave 1 Investment of ~\$130 million (35-45% recoup)



Investment Strategy is Evolving in Wave 2

(\$ in millions)

Wave 2 includes 67+ Titles to be released in 2H19 - 2021 with ~\$800 in MGs

	Wave 1		Wave 2		
	<u>1H19</u>		<u>2H19 2019*</u>	<u>2020</u>	<u>2021</u>
Titles	23	+	30 53	35	2
Minimum Guarantees	\$217		\$320 \$537	\$400	\$75
Projected Investment	\$130		\$120 \$250	\$90	\$20
			<small>* Dec '18 - Dec '19</small>		

Current Total

90

~\$1,000

\$360

- Projected Wave 2 investment is currently \$230 across 67+ Titles
- Projected Wave 1 + Wave 2 investment for current deals: \$300 - \$400
- Total cash paid to date toward existing MG commitments: ~\$400

MG risk mitigated by evolving deal structure

- Lifetime recoup (vs. 12 months)
- "Cross-collateralized" ([REDACTED])
- Lifetime exclusivity on select titles ([REDACTED])

Wave 2 recoup is expected to improve to 65-75% vs 35-45% for Wave 1

Expected blended recoup for existing portfolio is 60-70%, or \$300-\$400 in unrecouped MG investment



Key Steps to Improve Investments

Significantly Improve Post-Launch Support Tools

- Single biggest gating item
- Allocating more resources to address

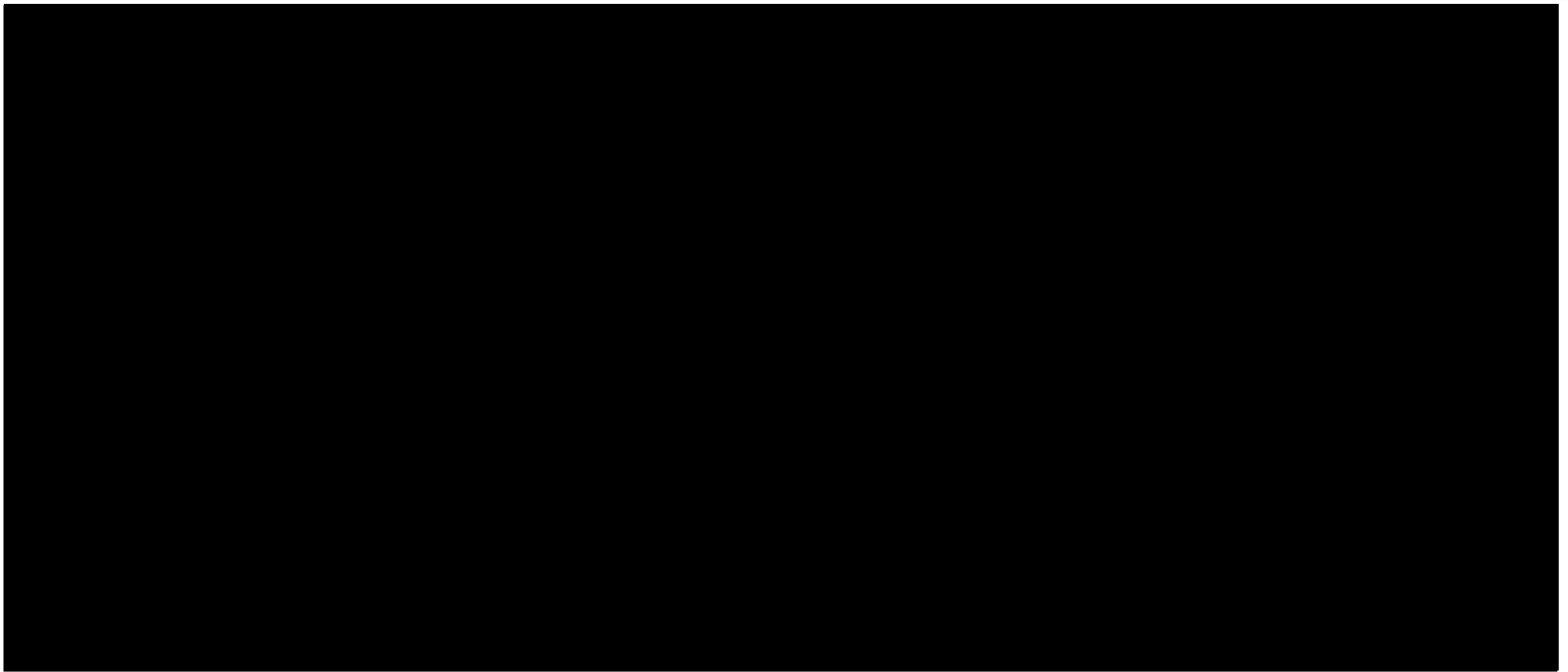
More Live Service Games

More Attractive Deal Structure

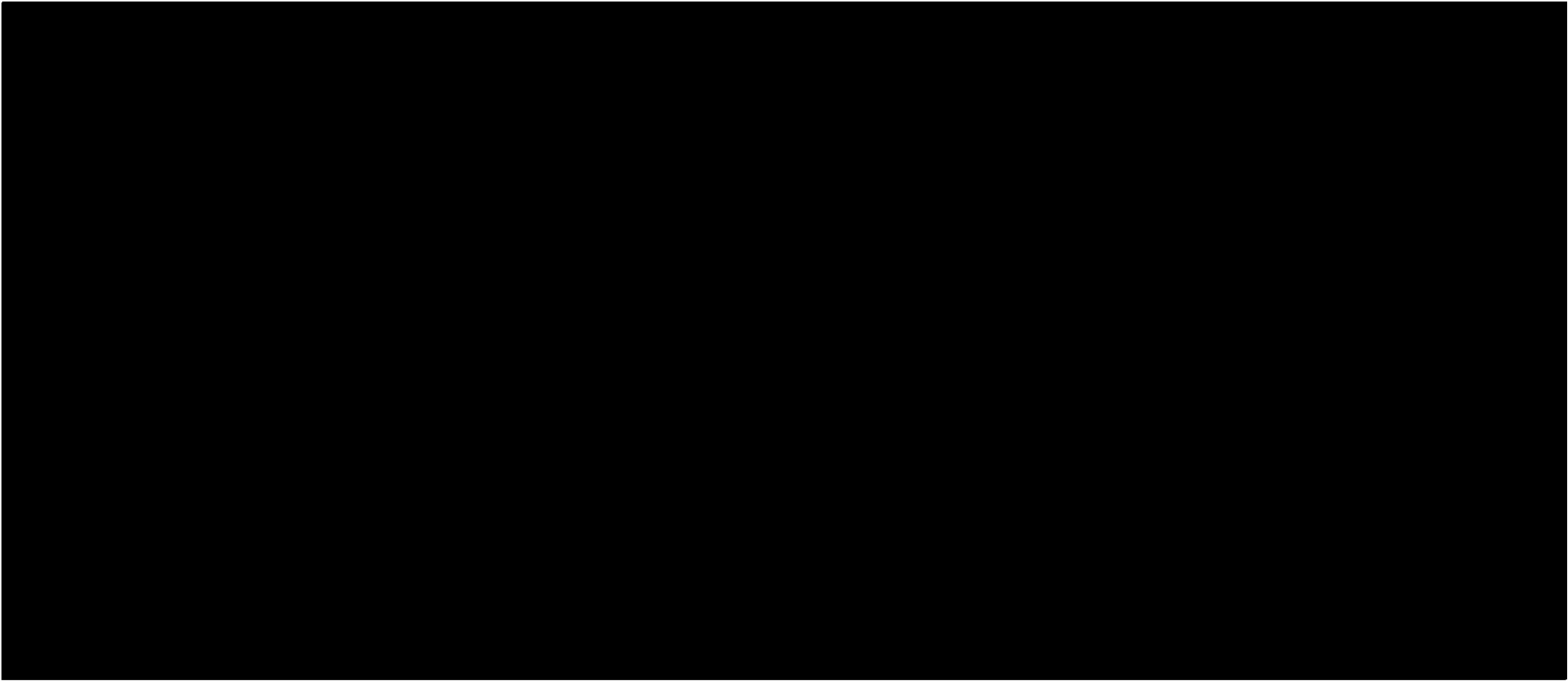
Growing Audience & Increased Engagement

Catalogue Growth

Key Exclusives 2H 2019



Key Exclusives 2H 2019 (Cont'd)



Fortnite X Borderlands

Not doing the middle finger



BL3 Psycho Bundle in
Fortnite Store

Available for purchase on console August
27 for 1 week
Purchasing the game on Epic Game Store
gets access through end of 2020



Borderlands location in
Fortnite Battle Royale

AUGUST 27 - SEPTEMBER 12th



Borderlands building set
in Fortnite Creative

AUGUST 27

Featured Content in "The
Block" September 13th -
16th

Gamescom 2019 Video

Conclusion

Lessons Learned

Epic Games Store has disrupted digital distribution norms & gained meaningful market share rapidly

Epic Mega Sale failings created friction with our partners

Top performing titles so far are online co-op & building/creative genre

- Publisher competency in marketing is very important & Indie titles are struggling right now

Free Games drive significant user growth & has performed better than expected

9% of new Epic Games Store users have converted into Fortnite players

Next Steps

Continue to invest aggressively in exclusive content through 2021 and expand the catalogue

Push store and cross-platform social integration

- Use Epic accounts and friends across all platforms

Focus on building Post Launch support tools

- Critical for Wave 2 titles to increase recoup rate on MGs & help Indies perform as good or better than they would on Steam

Build player management and analysis tools to help us develop programs that maximize LTV for both free and paid players



Summary - Epic Game Store Long Term Goals

- 1. Build a \$1+ billion PC store business**
- 2. Expand and disrupt on Android and iOS**
- 3. Provide the leading in-game, cross-platform social features for all stores**
- 4. Attract and retain players in the Epic ecosystem between Epic and Partner games**





APPENDIX

Epic Game Store Top 5 in China

	Purchasers China	China % Purchasers	China Revenue
[REDACTED]	163,150	24.7%	\$2.7M
[REDACTED]	20,996	25.1%	\$0.9M
[REDACTED]	17,519	2.9%	\$0.3M
[REDACTED]	14,254	12.6%	\$0.5M
[REDACTED]	7,106	12.7%	\$0.1M

Free Game Performance

Increased New Users in Ecosystem

			30	60	90	120	150	180	210
free	Jul/19	1.70M	\$0.13						
	Jun/19	1.41M	\$0.51	\$0.60					
	May/19	1.80M	\$1.39	\$1.58	\$1.64				
	Apr/19	0.93M	\$0.89	\$1.65	\$1.87	\$1.97			
	Mar/19	1.96M	\$0.71	\$1.11	\$1.57	\$1.76	\$1.84		
	Feb/19	0.65M	\$0.54	\$0.98	\$1.45	\$2.22	\$2.41	\$2.48	
	Jan/19	0.93M	\$0.19	\$0.53	\$0.95	\$1.41	\$2.31	\$2.53	\$2.60
	Dec/18	4.88M	\$0.05	\$0.26	\$0.64	\$1.17	\$1.64	\$2.66	\$2.81
paid	Jul/19	0.10M	\$19.80						
	Jun/19	0.22M	\$21.00	\$21.29					
	May/19	0.40M	\$24.71	\$25.27	\$25.48				
	Apr/19	0.42M	\$28.62	\$29.78	\$30.31	\$30.53			
	Mar/19	0.37M	\$29.14	\$31.37	\$33.21	\$33.91	\$34.20		
	Feb/19	0.33M	\$26.11	\$28.37	\$30.39	\$32.38	\$33.16	\$33.48	
	Jan/19	0.04M	\$21.69	\$23.93	\$26.46	\$28.69	\$31.08	\$32.04	\$32.40
	Dec/18	0.07M	\$21.19	\$22.96	\$26.79	\$30.70	\$33.60	\$39.26	\$41.16

Steam Curves For Pricing

